GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3323
ANSWERED ON:04.08.2017
Approval of Infrastructure Projects
Kamaraaj Dr. K.

Will the Minister of FINANCE be pleased to state:

(a) the details of the norms adopted by the Government in according approval to the infrastructure project proposals for raising foreign funds by domestic companies;

(b) whether the Government proposes to simplify the same; and

(c) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): Foreign Direct Investment (FDI) upto 100% under the automatic route has already been permitted in Construction Development of Townships, Housing, Built-up Infrastructure which inter-alia include development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships, subject to certain conditions as provided in Consolidated FDI Policy Circular of 2016. In addition, SEBI has come out with the SEBI (Infrastructure Investment Trusts) Regulations, 2014, whereby an Infrastructure Investment Trust can raise funds for investing in infrastructure projects. Further, under the extant External Commercial Borrowings (ECB) guidelines, infrastructure sector companies are allowed to raise ECB under the following tracks subject to conditions laid out in the 'RBI FED Master Direction No. 5/2015-16 on External Commercial Borrowings':

i. Track I: Medium term foreign currency denominated ECB with minimum average maturity of 5 years, subject to 100% hedging.

ii. Track II: Long term foreign currency denominated ECB with minimum average maturity of 10 years.

iii. Track III: Indian Rupee (INR) denominated ECB with minimum average maturity of 3/5 years.

Companies in infrastructure sector can raise upto USD 750 million per financial year under the automatic route (individual limit). Beyond this limit the requests are examined by the Reserve Bank.

(b) & (c): The Government reviews FDI policy on an ongoing basis and significant changes are made in the FDI policy regime, from time to time, to ensure that India remains increasingly attractive and investor-friendly investment destination. All such policy decisions are available on the website of Department of Industrial Policy & Promotion (DIPP) (www.dipp.nic.in).
****